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| Cynulliad Cenedlaethol Cymru | National Assembly for Wales |
| Y Pwyllgor Menter a Busnes | Enterprise and Business Committee |
| Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru | Inquiry into the Priorities for the future of Welsh Rail Infrastructure |
| WRI 15 | WRI 15 |
| Bwrdd Uchelgais Economaidd Gogledd Cymru | North Wales Economic Ambition Board |

north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

The Enterprise & Business Committee
National Assembly For Wales
Cardiff Bay CF99 1NA

**Response to the Business & Enterprise Committee Consultation on Priorities for the future of Welsh Rail Infrastructure by the North Wales Economic Ambition Board**

The North Wales Economic Ambition Board ('the Board') works closely with the Welsh Government representing the 6 North Wales Local Authorities, together with the Chairs of the 3 North Wales Enterprise Zones, representatives from the Mersey Dee Alliance, the academic sector and the Private Sector through the North Wales Business Council. The purpose of the Board is the development of the North Wales economy and improved connectivity is central to achieving this.

The rail network in North Wales has seen little investment in recent decades and lags behind the rail network in other parts of the United Kingdom, especially with regard to current and planned investment in the North West of England. The result is a rail infrastructure in North Wales that does not deliver a service that meets current market requirements; it acts as a brake on economic development on both the Welsh and English sides of the border and contributes to increased congestion on an already overburdened cross border road network. The rail offer is not competitive with road and fails to encourage modal shift from private to public transport. This is a situation that cannot continue. To stimulate the full economic potential of the entire region the rail network needs to deliver faster more frequent services offering more capacity so that it becomes a more attractive transport offer. Rail must offer better services that improve connectivity with key destinations important to the economy of North Wales including the international gateways at Manchester, Liverpool, and Birmingham airports. In order to achieve this, we need a broad package of investments with includes the electrification of the network as the backbone of the transformation of our network.

These are the Board's comments from the North Wales perspective on the topics set out in the Consultation brief:

**1. High level priorities for the development of rail infrastructure to provide the capacity and connectivity necessary to support the social and economic well-being of Wales**

The North Wales railway line is a vital rail corridor linking Ireland, North Wales and northern England, as well as the key markets of south east England and continental Europe. Excellent links throughout the region, and with London and the continent are critical to stimulating economic growth. In order to facilitate this the rail infrastructure in North Wales needs the following improvements:

**Linespeed Improvements**

The maximum speed on the North Wales Main Line (NWML) is 90 mph, with many sections restricted to 75mph. Nearly all the rolling stock used on the NWML has a higher maximum speed: Class 221 Super Voyagers: 125 mph, Class 175s: 100 mph and Class 158's: 90 mph. The restrictions on maximum line speed means that the potential of our rolling stock can't be fully exploited to reduce journey times.

One consequence of restricted line speed is that with the exception of journeys to and from London, journey times to other key destinations from North Wales are too slow to be competitive with other modes of transport. E.g. Llandudno Junction – Manchester (88 miles) 2hrs 5 mins, Llandudno Junction – Liverpool Central (61 miles) 1hr. 50 mins., Holyhead – Llandudno Junction (40 miles) 50mins. (Contrast with Manchester Piccadilly – London Euston 198 miles 2hrs. 9 mins) By way of an example, to be more competitive some services between Llandudno Junction and Manchester should be reduced to 90 minutes

Linespeed improvements on the NWML are proposed as one of the choices for funders in CP6 and the WG should support the inclusion of this in the Initial Industry Plan (IIP) and subsequently in the UK Government's High Level Output Specification (HLOS) for the next rail, industry planning period.

The current assumption of Network Rail is that signal upgrades along the North Wales coast will facilitate maximum speeds of 100mph on sections of track. New trains for new franchises elsewhere will have the capability of 120mph maximum speed. Planned upgrades for the North Wales line are based on today's trains, not those of tomorrow introducing a constraint for future development..

**Increased Capacity**

More passenger capacity on trains, and more capacity at the right time to meet passenger demand is needed at peak periods. The current levels of over crowding on peak services are a deterrent and suppress demand, especially on the Llandudno – Manchester Piccadilly service. Faster trains will increase this demand further and therefore more rolling stock is needed to reduce overcrowding.

The proposed (and committed) signaling upgrade along the NWML would allow more trains to run giving additional capacity, so it is disappointing that the Phase 1 signaling upgrade planned for part of the NWML has been delayed, possibly until 2019. The WG through its relationship with Network Rail must ensure that there is no further delay and that the benefits of upgraded signaling are delivered as soon as possible. The Phase 2 signaling upgrade between Llandudno and Holyhead must remain on schedule for completion in CP6.

The Signaling upgrade benefits can only be fully exploited if linespeed improvement work is also implemented. This adds to the importance of linespeed improvements becoming part of the HLOS for CP6.

If full advantage of these investments is to be achieved and more services are to be run along the North Wales Main Line more rolling stock will be needed. The DfT have indicated that the next Wales & Borders franchise must be planned around the existing fleet of 128 trains. This will constrain the potential benefits from increased network capacity and limit the capacity for new services from North Wales to Liverpool, Manchester and their airports. Investment in rail infrastructure and investment in suitable rolling stock availability are directly linked and having one without the other reduces the impact of investment considerably. Arriva Trains Wales are already constrained by the shortage of diesel rolling stock and the limitations this places on providing additional services. In the face of increasing demand for rail travel and with more services in North Wales needed, rolling stock must not be a constraining factor.

With regard to rolling stock, North Wales has the aspiration to develop tourism traffic arriving by rail and this should generate a specification for rolling stock that delivers wi-fi, good facilities for long distance (toilets and catering) and ample space for luggage. This will also meet the needs of the region's universities (Bangor and Glyndwr) who are concerned at the poor quality of the rail services for the region affecting their competitiveness in attracting students and academic staff. Good quality rolling stock is also essential for making a good impression on business people considering investment in North Wales.

Therefore the commissioner of the next rail franchise, most likely to be the Welsh Government under the terms of a devolution deal yet to be made public must have a strategy to expand and improve the quality of the rolling stock to be used in the region.

**Electrification**

Electrification of the routes from Crewe and Warrington to Holyhead is essential, if achieving faster more frequent services along the NWML is to be achieved. The benefits of operating electrified trains were summarised by the Secretary of State for Transport: '*electric trains can help cut greenhouse gas emissions, offer a better passenger experience and are cheaper to purchase, operate and maintain than their diesel equivalents'*.

In an economic context these are the benefits that would result from electrifying the NWML:

Electrification of the Crewe/Warrington – Holyhead route will contribute strongly to the regional economy and to the national economy by adding a minimum of £400m in transport and wider economic benefits[1]. Faster services resulting in shorter journey times to work opens up employment opportunities in Cheshire, Merseyside, and the North West. Employers then have the benefit of having a deeper labour pool to recruit from.

Faster journey times are good for business: shortening the distance between customer and supplier increases the rate of commercial activity and attracts more companies into an area. The transport planning assumptions for the Northern Powerhouse are based on reducing journey times between Liverpool – Manchester – Leeds – Sheffield – Newcastle. Two of those cities, Liverpool and Manchester, impact on the North Wales economy and it is essential that that there is fast efficient rail connectivity between all three not just between the two cities.

Although the business case for electrifying the Crewe/Warrington – Holyhead is not strong by conventional DfT criteria, the current thinking is that that more emphasis needs to be given to the regional economic benefits that are derived by investment in electrification, a view supported by Andrew Jones MP as Chair of the Northern England Electrification Task Force. Further work is currently underway by the Board and the WG that will build on and strengthen the business case.

A more strategic view should be taken of electrification: an individual route may not have a strong business case but other considerations should be taken into account. For example, how an electrified NWML would integrate with electrified routes elsewhere and what concomitant benefits would result e.g. construction efficiencies, or rolling stock utilisation etc. North Wales cannot afford to become a dieselised outpost in an increasingly electrified national network. Therefore, North Wales needs WG to champion the case for North Wales electrification so that it becomes one of the schemes in the HLOS for CP6.

[1] Economic Growth and Social Value Benefit potential from Modernisation of Rail Services in North Wales Phase 2 Report September 2014

**2. How far Welsh Government's rail infrastructure priorities, including those in the National Transport Finance Plan, and the Ministerial Task Force on North Wales Transport report meet the needs of Wales**

The Board agrees that the priorities in both documents contribute towards meeting the needs of Wales. However, the Board would have welcomed the inclusion of Rossett – Wrexham redoubling in the NTP in the same way that redoubling of another section of line is specifically referred to under R15 page 24. The redoubling of this section also links into R16 journey time improvements North – South Wales and will be increasingly important to Wrexham by increasing rail capacity northwards to Chester, Liverpool via Halton Curve and the rest of North West England.

The Board also welcomes the consideration of new railway lines under R18 in the NTP and would request an active engagement with the WG regarding the process for proposing candidate schemes.

The Board wishes to see the same importance and priority given to NWML electrification as electrification schemes in South Wales. There should be a balance between North Wales and South Wales rail investment, and in both regions it is the East – West connectivity to and from adjacent cross border regions that is of critical importance The Board will support the WG in working towards this objective but will need the resource and the capacity to do so.

**3. How the development and exploitation of rail infrastructure in England affects Wales, and vice versa;**

Apart from the Rossett to Saltney Junction redoubling, recent and planned investment in the north has been and will be on the English side of the border so the challenge for the WG is how to benefit from this. We are concerned that some infrastructure investments potentially dis-benefit North Wales: the Northern hub plans do not take account of North Wales services running into Manchester even though this is an important arterial route; and the route electrification in the north west and between Manchester and Leeds in the future will not have any effect on North Wales without electrification in the region.

An exception to this is the Halton Curve, which will allow services to run from central Liverpool to North Wales via Runcorn opening up employment opportunities in the south Liverpool area. This is a good example of an infrastructure development in England having a real benefit in Wales as long as through services North Wales are then provided.

HS2 will be another English infrastructure development that will have a profound impact on North Wales. However, the full benefits of HS2 will only be realised if the route from Crewe – Holyhead is also electrified. This is an opportunity for the WG to engage with HS2 Limited to explore Crewe hub planning, so that Classic Compatible HS2 trains can run through to Holyhead. Running HS2 trains through to Holyhead could have the added benefit of attracting Irish passengers from air back to rail, which in turn strengthens the business case for both Crewe – Holyhead electrification and HS2.

Without investment on rail infrastructure improvements in North Wales, the benefits of investments in North West England will not be achieved in the region. There is a compelling reason therefore, that the WG should take an active participation in Northern rail infrastructure investment discussions that impact on North Wales and *vice versa* so that decisions do not ignore cross border considerations. As it stands there is different pace of infrastructure development on each side of the border and if the *status quo* remains it could result in a two tier economy separated by the border.

**4. The impact on Wales of key planned developments in England including High Speed Rail, electrification, Northern Power House / Transport for the North, and wider devolution of responsibility for rail within England;**

The developments set out in the question above will have more of a potential impact on North Wales than other parts of Wales. However, there is a risk that without proper involvement and planning in these developments potential benefits will not be fully realised.

HS2 is good example of this. Crewe is the preferred location for the HS2 hub because it's at the centre of a number of radiating routes including to North Wales. But the current plan is that North Wales passengers will have to change trains at the Crewe hub to join high speed service to London. The need to change trains and potential delays because of timetable alignment are both reasons why the impact of HS2 on North Wales could be negatively impacted. For North Wales to feel the full benefit of HS2, Classic Compatible trains should run between London and Holyhead allowing seamless travel. Electrifying the route between Crewe and Holyhead is essential for this to happen.

The outcome of the Hendy Report has reduced the scope of electrification schemes in CP5, which means that some committed schemes such as Trans Pennine, Midland Mainline and Swansea – Cardiff electrification will now be delivered in CP6 between 2019 and 2024. Inevitably that will put pressure on Network Rail's ability to deliver other candidate electrification schemes during that period meaning that NWML electrification will possibly be deferred to a later control period. That would delay the economic benefits of electrification well into the future. Therefore, the Board would welcome WG support to ensure that that NWML electrification is also included in CP6. This is important given that North Wales needs to be HS2 ready (ie electrified) by the time HS2 arrives at Crewe as planned by 2027.

One significant concern is that the Acton Grange (Warrington) – Chester and Crewe – Chester routes only are electrified. The North of England Electrification Task Force concluded that the former was a Tier 1 route and separately the Network Rail Utilisation Strategy – Refresh 2014 classed the latter as a Tier 1 route. If electric services terminated at Chester, passengers to and from North Wales would have to change trains. Forcing passengers to change trains at Chester would have a seriously negative effect on both the English and North Welsh economy. Greengauge 21 ( a consultancy) concluded that in this scenario nearly £600mn of transport benefits and £476mn of B2B agglomeration benefits would be lost (at 2010 prices)[2]. Terminating electrification at Chester would make it harder to establish a viable business case for the Chester – Holyhead section at a later date. Therefore, it is essential that the WG continue to support electrification in North Wales as part of a single overall scheme from Crewe/Warrington – Holyhead.

The Northern Powerhouse concept is about increasing economic growth by reducing travel times between 5 major northern cities: Liverpool - Manchester – Leeds – Sheffield – Newcastle upon Tyne. North Wales is however an integral part of the North Western sector of the Powerhouse for transport planning purposes. There is a thriving cross border economy between North Wales and Cheshire, Merseyside and Greater Manchester. The biggest inflow of labour into the Cheshire Warrington LEP area comes from Flintshire[3] and that forms part of over 1mn cross order commuter movements every month[4]. The border is invisible from a business perspective so improved rail transport links from North Wales into the North Powerhouse area are essential if both are to maximise their potential.

Transport for the North (TfN) and Rail North (RN) are properly constituted and operational even if at an early stage. Rail North over the next 2 years will become the Rail Franchise Management body for Transport for the North. Without working relationships between WG and these bodies there are potential risks for North Wales: one example

[2] Economic Growth and Social Value Benefit potential from Modernisation of Rail Services in North Wales Phase 2 Report September 2014.
[3] Cheshire Warrington LEP Draft European Structural and Investment Funds Strategy 2014 - 2020
[4] Mickledore Report 2013

is the primary focus TfN and RN have on managing and strengthening transport links within the TfN geography, thereby potentially overlooking cross border links into North Wales. Another is the priority given to Northern & TPE services into Manchester Airport rather than ATW. The evidence supporting this view is the potential that North Wales services may be relocated from Manchester Piccadilly to Manchester Victoria in the future, and the fact that Northern have objected to Arriva Trains Wales' application to extend services to Manchester Airport. As the North Wales economy is inter-dependent with that of north west England and the Northern Powerhouse, WG engagement with TfN and RN would strengthen the economic relationship and critically give an input into transport decision making.

The previous paragraph sets out how devolution to a North West English region may have an adverse effect on (a part) of Wales. It should not be overlooked that devolution of rail may also happen in the West Midlands, which has ramifications for Mid Wales. To mitigate the possible adverse effects of rail devolution on English side of border the WG could consider the adjoining Welsh regions having a more formalised relationship with adjoining English regions. Without that there is the risk that a division at the border mentality will harden.

As the Department for Transport itself has said, "*good transport connectivity is essential for cities and regions to build and maintain their economic competitiveness, and regions served by rapid rail services prosper at the expense of those with inferior connections"*

**5. How Welsh Government can best engage with and influence infrastructure developments in England and the development of passenger and freight services using the network.**

The increasing rate of change to governance structures in England and the wide range of devolution arrangements being discussed will have a profound impact on cross-border transport decision-making. The WG should actively broaden its engagement with a wider range of bodies and organisations responsible for rail infrastructure development, where this has a potential impact on Wales. These are some suggestions:

DfT, National Infrastructure Commission, Rail North, Transport for the North, Network Rail London North West, Freight Transport Group, The three ROSCO's: Angel, Eversholt, & Porterbrook.

The objective would be to develop more productive cross border working, thinking and planning. This is especially needed on matters between North Wales and North West England, where the border is seen as barrier between two separate administrations, when in day to day life the border is invisible. A good example of this was the scope of last year's Northern England Electrification Task Force that only considered the Warrington – Chester and Crewe to Chester parts of the route to Holyhead so consequently the benefits accruing from the full route weren't measured.

The rail industry, principally Network Rail regions and Commissioners of rail services (Welsh Government and Transport for the North/Rail North), should be encouraged to work across boundaries in the border regions to ensure that planning is for a holistic network that meets the needs of the real economy rather than artificial political and administrative boundaries.

**6. Whether the periodic review process meets the needs of Wales and takes account of the needs of Welsh passenger and freight users, and how this should be developed**

The Board would draw it to the WG;'s attention that the Draft Wales Route Study for Consultation 2015 Network Rail based their passenger forecast for North Wales on the Long Distance Market. Although London to North Wales travel is an important factor it would have been more relevant to have used the Inter Urban Market for the forecast in order

to include the significant business and leisure travel between North Wales and Chester, North Wales and Manchester, Wrexham and Chester and Wrexham and Shrewsbury for example.

In terms of future development the investment appraisal process needs to be less complex, completed over a shorter timescale and less costly. It's a drawn out and expensive process to take a scheme from concept to final business case. (The Halton Curve has taken 10 years to reach final business case and that's for reopening a 3Km section of existing rail line). A lengthy decision making process means that it's difficult for the rail industry to adapt to changing demand patterns. Some English Authorities especially the PTE's have sizeable transport departments and bigger budgets making it easier to manage this process and therefore, stand a better chance of capturing investment. In that situation the periodic review as it is currently will work against many smaller Authorities such as those in Wales.

**7. The effectiveness of the Network Rail Wales Route and whether the approach to delivery of network management, maintenance, renewal and enhancement functions are effective in delivering value for money, capacity, frequency, speed, reliability and handling disruption for passengers and freight users in Wales**

To give a fully developed response to every point in the above question would require analysis of the relevant data, which is not readily available.

The point was made earlier in this response that trains do not travel fast enough in North Wales. Various parts of the coast line are limited to 75mph, and the maximum speed on the Borderlands line is 50mph. This is not fast enough for a modern network that should be delivering faster journey times in North Wales. In this respect Network Rail have not delivered and disappointingly any linespeed improvements are subject to inclusion in the next HLOS and even then are still 4 years away at the earliest.

Signaling is also an important factor in enabling faster speeds and more trains to run on a given section of line. Phase 1 of the NWML was originally scheduled for completion in the Summer of 2015. That Phase is now delayed until later in CP5 meaning that any speed and capacity benefits are also delayed.

Services to Manchester Airport have been a long standing objective for North Wales. Despite there being a strong business case for extending North Wales Services to the airport Network Rail Wales have not supported this. The Board acknowledge that there is an excess of demand over supply of paths into the airport but restricting North Wales to one service in each direction daily means that a major airport catchment area is effectively without rail access. That is detrimental to North Wales.

Taken together the conclusion is that the rail industry has not kept up the level of investment in North Wales to offer a sufficiently competitive transport option. There has to be a marked step change in the rail offer in order to encourage a modal shift form road to rail. As it stands east – west travel journey times by road are quicker and cheaper.

Network Rail Wales has to serve an expansive geography which isn't naturally linked. The main passenger flows in south wales are concentrated on Cardiff but in north wales they are cross border and mainly into north west England. That's not a natural fit for Network Rail Wales or the routes that it serves.

The Welsh branch of Network Rail must therefore develop cross border links and coordinating arrangements that enable holistic planning for the North Wales network and avoid fragmentation and under-investment caused by undertaking appraisals that "stop at the border".

**8. The fact that funding for Welsh rail infrastructure is not devolved. The advantages, disadvantages, opportunities and risks potentially associated with devolution**

It's difficult to respond on this topic without knowing the specifics of the exact infrastructure devolution proposals for Wales. The outcome of the Shaw Report following consultation will have an influence on the future funding for rail infrastructure and this should be taken into account by the WG, when considering infrastructure devolution. The comments made by the Board are on rail infrastructure devolution as a general principle.

In simple terms the main advantage of rail infrastructure devolution is that the WG would become the main decision maker on rail investments in Wales. At the moment all English and Welsh rail investment schemes are evaluated by the DfT against its' own criteria. Because it's a competitive process for scarce funds the decision can be influenced political considerations overriding the business case and that can work against Wales. With devolution the WG would also have the discretion to appraise investment options against a different set of criteria as well as streamlining the decision making process thus saving time and cost. That could open up the opportunity for a more dynamic approach to rail investment in Wales in the same way there has been in Scotland. .

However, the rail network in Wales is just one part of a national network and all parts need to integrate and operate seamlessly. With rail infrastructure devolved to the WG this becomes more difficult to achieve because an investment in Wales may have an impact on the network in England and *vice versa*. In a post devolution scenario if the WG decided to electrify the NWML if wouldn't be feasible unless the DfT agreed to connecting electrification on the English side of the border, which may or may not happen. Another example is would the WG want to part fund the Halton Curve, which lies entirely in England but confers the benefit of Welsh route access into Liverpool? These examples are not a problem while the decision lies with the DfT , but would be much more complicated if there were separated channels of decision making.

A key consideration is the level of budget that would be allocated to the WG for accepting responsibility for the rail infrastructure. Once agreed the WG would be at risk for both maintenance and delivering enhancement. While the Welsh network remains an integral part of a much bigger network risks are spread. Post devolution risks such as the frequent flooding of the Conwy Valley line or storm damage to the Cambrian cost line would have to be managed from a much smaller budget.

However, we strongly believe that the WG's ability to augment investment monies should be brought into play so as to secure commercially acceptable investments over a shorter and firmed up timescale, where this is not possible exclusively through the DfT.

The argument about the devolution of infrastructure is one that will be decided by national governments. The devolution argument is more finely balanced in Wales than in Scotland, because of the nature of cross-border services, especially in North Wales. What is essential in any devolution discussions is that there is a clear agreement on infrastructure enhancements on cross-border routes that ensures that journeys are seamless and that there are no significant issues arising from devolution. The scenario in North Wales is considerably more complex than because of the interaction of the cross-border economy. The Board is concerned that this could be missed due to a relative lack of knowledge of these specific circumstances in London and in Cardiff.

The Board can support devolution of infrastructure investment to Wales provided that in the case of North Wales any devolution package specifically addresses the issue of cross border planning to ensure there is holistic investment appraisal and joint planning processes.